

Message Text

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SUBJECT: UNIDO - IDB-IX - DISCUSSION OF ORGANIZATIONAL AND
FINANCIAL QUESTIONS

1. SUMMARY. IDB-IX DEBATE ON AGENDA ITEM 9, ORGANIZATIONAL AND FINANCIAL MATTERS TOOK UP MOST OF APRIL 28 AND PART OF APRIL 29 MORNING SESSION; REGULAR PROGRAM OF TA FOR 1976 ALSO TAKEN UP AND APPROVED UNDER THIS ITEM. HIGHLIGHTS INCLUDED SECRETARIAT ANNOUNCEMENT THAT CURRENT UNDP OVERHEAD DEFICIT HAD BEEN LIQUIDATED BY (NON-RECURRING) MEASURES ADOPTED AT JANUARY 1975 UNDP GOVERNING COUNCIL SESSION; PROPOSALS FOR ADMINISTRATIVE AND STRUCTURAL REFORMS BY EIGHT GROUP D COUNTRIES; AND VIGOROUS INTERVENTION BY US EXPRESSING DISSATISFACTION OVER RECENT TREND IN RECRUITMENT OF US NATIONSLA FOR SECRETARIAT AND FIELD EXPERT POSTS. EXERCISING RIGHT OF REPLY, US "REJECTED TOTALLY" CUBAN ALLEGATIONS OF US/CIA INTERVENTION IN CHILE. END SUMMARY.

2. IN COURSE OF INTRODUCING AGENDA ITEM 9, ACTING DIRECTOR OF ADMIN (HOLMES - UK) ANNOUNCED THAT \$671,000 DEFICIT IN UNIDO'S 1974 UNDP OVERHEAD ACCOUNT AS REPORTED TO IDB IN DOC ID/B/150 AND 1976-77 BIENNIAL PROGRAM BUDGET HAD BEEN COMPLETELY UNCLASSIFIED

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OVERCOME BY "UNFORESEEN FAVORABLE DECISIONS OF UNDP

GOVERNING COUNCIL IN JANUARY 1975." UNIDO'S 1974 ACCOUNTS HAD BEEN RECALCULATED IN MARCH 1975 ON BASIS OF THESE DECISIONS AND INSTEAD OF REPORTED 1974 DEFICIT, THERE WAS A RETROACTIVE CREDIT BALANCE AS OF DEC. 31, 1974 OF \$120,000; ACCORDING TO HOLMES, BY CONTINUING BUDGETARY DISCIPLINE IT MIGHT NOW BE POSSIBLE END 1975 WITH OVERHEAD ACCOUNT IN BALANCE. HE EMPHASIZED, HOWEVER, THAT THESE REMEDIES WERE OF NON-RECURRING NATURE AND PROBLEM OF PROSPECTIVE DEFICITS REMAINED; SEVERAL LDC DELS PICKED UP THIS THEME, BUT ANNOUNCEMENT APPEARS HAVE HAD THE EFFECT OF HEADING OFF IMMEDIATE LDC PROPOSALS FOR MEASURES TO OVERCOME THE PREVIOUSLY ADVERTISED "CRITICAL SITUATION," AT UK REQUEST, THE TEXT OF HOLMES' ANNOUNCEMENT WAS CIRCULATED IN WRITING AND COPIES POUCHED IO/CMD, IO/BAPS AND USUN.

3. CZECH REP, SPEAKING IN BEHALF OF ALL OF GROUP D LESS ROMANIA MADE LENGTHY PRESCRIPTION FOR ADMINISTRATIVE AND STRUCTURAL REFORM OF UNIDO. THESE INCLUDED INCREASING UNIDO'S SHARE OF UNDP PROJECTS AND ROLE IN DESIGN AND SELECTION OF THEM, A GREATER ROLE IN THE NATURAL RESOURCES AREA, A MECHANISM FOR DESIGNING PROGRAM OF CONSULTATIONS FOR CONSIDERATION BY IDB-X, MEASURES AIMED AT GREATER ADMINISTRATIVE EFFICIENCY AND SOME PROPOSED REORGANIZATION OF SUBSTANTIVE DIVISIONS AND SECTIONS; AMONG LATTER MEASURES WERE THE COMBINATION OF BUILDING MATERIALS SECTION WITH THE NEW CONSTRUCTION UNIT AND THE CHEMICALS WITH THE FERTILIZERS SECTION, REINFORCING OF OTHER ITD SECTIONS, TRANSFER OF SMALL-SCALE INDUSTRIES SECTION TO ITD, COMBINING OF ISI TRAINING SECTION WITH TCD FELLOWSHIPS SECTION UNDER ISI, STRENGTHENING OF INDUSTRIAL POLICIES AND PROGRAMMING AND INDUSTRIAL SURVEYS SECTIONS AND PHASING DOWN OF INVESTMENT PROMOTION ACTIVITIES. AT REQUEST OF CUBAN REP, TEXT OF THESE REMARKS WAS SUBSEQUENTLY CIRCULATED TO IDB. (IN EXTEMPORIZED ADDITION TO PREPARED REMARKS, US INDICATED WHILE THERE WERE SUGGESTIONS THAT APPEARED AT FIRST HEARING USEFUL, FULL TEXT WOULD HAVE TO BE DIGESTED; US, IN ANY EVENT OPPOSED SHIFTING OF ANY ADMINISTRATIVE UNCLASSIFIED

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RESPONSIBILITY FOR NATURAL RESOURCES FROM NEW YORK.) WE ARE POUCHING FULL TEXT OF CZECH INTERVENTION TO IO/CMD AND USUN.

4. LDC INTERVENTIONS UNDER THIS ITEM (EXCEPT AS CONCERNED REGULAR PROGRAM - SEE BELOW) EMPHASIZED DESIRE TO OBTAIN GREATER PROPORTION OF SECRETARIAT POSITIONS AND CALLED FOR INCREASE IN STAFF TO IMPLEMENT LIMA DECLARATION;

SOME CONCEDED DESIRABILITY OF SELECTIVE REDEPLOYMENT AND REDUCED RATION OF GENERAL SERVICE TO PROFESSIONAL STAFF. SEVERAL ALSO ARGUED THAT RECRUITMENT OF FIELD EXPERTS SHOULD BE BASED ON GEOGRAPHIC DISTRIBUTION.

5. US INTERVENTION COMMENDED SECRETARIAT EFFORTS TO HOLD DOWN OVERHEADS AND VOICED APPRECIATION FOR UNDP GOVERNING COUNCIL AMELIORATIVE MEASURES, AND WENT ON TO COUNSEL AGAINST SATISFYING LDC AND GROUP D REQUESTS FOR INCREASED REPRESENTATION THROUGH DISCRIMINATION AGAINST INDUSTRIALIZED COUNTRY NATIONALS. WE STATED OUR DISSATISFACTION WITH 1974 DECLINE IN RECRUITMENT OF US NATIONALS FOR FIELD POSTS AND WITH TRENDS IN SECRETARIAT RECRUITMENT OF AMERICANS IN 1974; WE LOOKED TO NEW EXECUTIVE DIRECTOR TO TAKE THESE VIEWS INTO ACCOUNT AS WOULD WE TOO IN DETERMINING OUR RELATIONS WITH UNIDO. (SEVERAL US-NATIONAL SECRETARIAT STAFF MEMBERS WARMLY VOICED APPRECIATION OF US INTERVENTION.)

6. ON 1976 REGULAR PROGRAM OF TA, SEVERAL LDC'S ARGUED THAT INTERREGIONAL AND REGIONAL ADVISERS SHOULD BE FUNDED FROM REGULAR BUDGET AND LARGER SHARE OF REGULAR PROGRAM FUNDS SHOULD BE USED FOR TRAINING. HOWEVER, IDB APPROVED THE PROGRAM AS PRESENTED IN ID/B/149/REV. 1 AND US ENTERED STANDARD RESERVATION ON USE OF ASSESSED BUDGET FOR TECHNICAL ASSISTANCE. (SECRETARIAT ALSO GAVE QUALIFIED UNDERTAKING, IN RESPONSE TO US SUGGESTION, TO PLACE REGULAR PROGRAM IN FUTURE ON BIENNIAL BASIS CORRESPONDING TO PROGRAM BUDGET.)

7. EXERCISING RIGHT OF REPLY, US RESPONDED TO APRIL 25 INTERVENTION BY CUBAN REP CHARGING NORTH AMERICAN UNCLASSIFIED

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FASCIST/CIA INTERVENTION IN CHILE; WE EXPRESSED REGRET OVER USE OF IDB FOR "PROPAGANDA SIDE-SHOW" AND "REJECTED ALLEGATIONS TOTALLY." (REFERENCE TO US CAME AT END OF STRIDENT CUBAN DENUNCIATION OF PRESENT CHILEAN GOVERNMENT, WHICH IN TURN WAS TACKED ON TO LENGTHY, EMOTIONAL INTERVENTION UNDER AGENDA ITEM 6 INVEIGING AGAINST ALLEGED EFFORTS TO UNDO "AGREEMENTS" REACHED AT LIMA.) STIBRAVY

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